

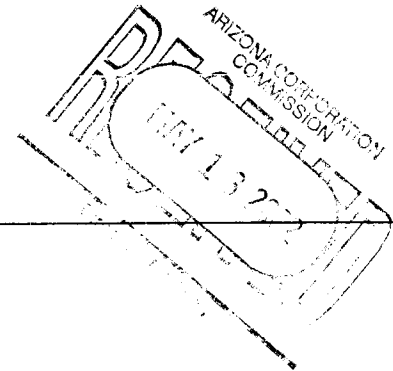
5/16/02 assessment db updated em

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

M

W-01049A (water)
MORENCI WATER & ELECTRIC COMPANY
P. O. BOX 68
MORENCI AZ 85540



ANNUAL REPORT

FOR YEAR ENDING

12	31	2001
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FOR COMMISSION USE

ANN04	01
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Processed by:

5-16-02 em

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>THE MORENCI WATER & ELECTRIC COMPANY</u>			
Mailing Address <u>PO BOX 68</u>			
<div>(Street)</div>			
<u>MORENCI</u>	<u>AZ</u>	<u>85540</u>	
<div>(City)</div>	<div>(State)</div>	<div>(Zip)</div>	
<u>(928) 865-2229</u>		<u>(928) 865-5261</u>	
<div>Telephone No. (Include Area Code)</div>		<div>Fax No. (Include Area Code)</div>	
Email Address <u>dtrue@phelpsdodge.com</u>			
Local Office Mailing Address <u>SAME AS ABOVE</u>			
<div>(Street)</div>			
<div>(City)</div>		<div>(State)</div>	<div>(Zip)</div>
<div>Local Office Telephone No. (Include Area Code)</div>		<div>Fax No. (Include Area Code)</div>	
<div>Local Office Telephone No. (Include Area Code)</div>		<div>Fax No. (Include Area Code)</div>	
Email Address _____			

MANAGEMENT INFORMATION

Management Contact: <u>D.L. TRUE</u>		<u>SUPERINTENDENT</u>	
<div>(Name)</div>		<div>(Title)</div>	
<u>PO BOX 68</u>	<u>MORENCI</u>	<u>AZ</u>	<u>85540</u>
<div>(Street)</div>	<div>(City)</div>	<div>(State)</div>	<div>(Zip)</div>
<u>(928) 865-2229</u>		<u>(928) 865-5261</u>	
<div>Telephone No. (Include Area Code)</div>		<div>Fax No. (Include Area Code)</div>	
<div>Telephone No. (Include Area Code)</div>		<div>Fax No. (Include Area Code)</div>	
Email Address <u>dtrue@phelpsdodge.com</u>			
On Site Manager: <u>SAME AS ABOVE</u>			
<div>(Name)</div>			
<div>(Street)</div>		<div>(City)</div>	<div>(State)</div>
<div>(Street)</div>		<div>(City)</div>	<div>(State)</div>
<div>Telephone No. (Include Area Code)</div>		<div>Fax No. (Include Area Code)</div>	
<div>Telephone No. (Include Area Code)</div>		<div>Fax No. (Include Area Code)</div>	
Email Address _____			

Statutory Agent: ALEXIS D. ZERWAS

(Name)

4521 US HIGHWAY 191

(Street)

MORENCI

(City)

AZ

(State)

85540-9795

(Zip)

(928) 865-6252

Telephone No. (Include Area Code)

(928) 865-5288

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: ROSKA HEYMAN & DEWULF

(Name)

400 EAST VAN BUREN STREET SUITE 800

(Street)

PHOENIX

(City)

AZ

(State)

85004

(Zip)

(602) 256-6100

Telephone No. (Include Area Code)

(602) 256-6800

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☒ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME

THE MORENCI WATER & ELECTRIC COMPANY

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	151,165	0	151,165
304	Structures and Improvements	2,762,194	2,038,397	723,797
307	Wells and Springs			
311	Pumping Equipment	35,261	35,261	0
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	1,162,058	529,242	632,816
331	Transmission and Distribution Mains	581,951	581,951	0
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	45,418	45,418	0
340	Office Furniture and Equipment			
341	Transportation Equipment	199,100	196,546	2,554
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	44,903	19,016	25,887
346	Communication Equipment			
347	Miscellaneous Equipment	27,376	14,075	13,301
348	Other Tangible Plant			
	TOTALS	5,009,426	3,459,906	1,549,520

This amount goes on the Balance Sheet Acct. No. 108

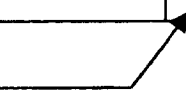
COMPANY NAME

THE MORENCI WATER & ELECTRIC COMPANY

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	151,165	0	0
304	Structures and Improvements	2,762,194	7.02%	194,176
307	Wells and Springs			
311	Pumping Equipment	35,261	0	0
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	1,162,058	6.31%	73,411
331	Transmission and Distribution Mains	581,951	8.68%	50,521
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	45,418	0	0
340	Office Furniture and Equipment			
341	Transportation Equipment	199,100	12.29%	24,470
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	44,903	10.89%	4,894
346	Communication Equipment			
347	Miscellaneous Equipment	27,376	10.00%	2,738
348	Other Tangible Plant			
	TOTALS	5,009,426		350,210

This amount goes on Comparative Statement of Income and Expense Acct. No. 403



BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 176,620	\$ 281,577
134	Working Funds		
135	Temporary Cash Investments		182,766
141	Customer Accounts Receivable	5,751,067	358,891
146	Notes/Receivables from Associated Companies		5,004,913
151	Plant Material and Supplies		47,000
162	Prepayments	4,539	11,050
174	Miscellaneous Current and Accrued Assets		20,076
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 5,932,226	\$ 5,906,273
	FIXED ASSETS		
101	Utility Plant in Service	\$ 6,893,342	\$ 6,893,342
103	Property Held for Future Use		
105	Construction Work in Progress	1,628,868	1,961,444
108	Accumulated Depreciation – Utility Plant	(4,506,606)	(4,788,349)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 4,015,604	\$ 4,066,437
	OTHER DEFERRED DEBITS	510,218	580,619
	TOTAL ASSETS	\$ 10,458,048	\$ 10,553,329

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

THE MORENCI WATER & ELECTRIC COMPANY

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 5,543,868	\$ 5,112,765
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	1,813,773	2,532,277
235	Customer Deposits		2,525
236	Accrued Taxes	238,693	32,384
237	Accrued Interest	16,858	20,550
241	Miscellaneous Current and Accrued Liabilities	32,056	6,512
	TOTAL CURRENT LIABILITIES	\$ 7,645,248	\$ 7,707,013
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 360,064	\$ 360,064
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		28,750
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		53,694
	TOTAL DEFERRED CREDITS	\$ 0	\$ 82,444
	OTHER DEFERRED CREDITS	419,892	0
	TOTAL LIABILITIES	\$ 8,425,204	\$ 8,149,521
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 1,413,815	\$ 1,413,815
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	619,029	989,993
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 2,032,844	\$ 2,403,808
	TOTAL LIABILITIES AND CAPITAL	\$ 10,458,048	\$ 10,553,329

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 576,763	\$ 510,482
460	Unmetered Water Revenue		
474	Other Water Revenues	234,869	172,021
	TOTAL REVENUES	\$ 811,632	\$ 682,503
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 288,802	\$ 245,229
610	Purchased Water	79,693	56,532
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance	133,812	27,593
621	Office Supplies and Expense		53,236
630	Outside Services	328,499	144,796
635	Water Testing		
641	Rents	4,133	3,589
650	Transportation Expenses	1,073	14,288
657	Insurance – General Liability	6,014	8,888
659	Insurance - Health and Life	10,241	27,152
666	Regulatory Commission Expense – Rate Case		2,124
675	Miscellaneous Expense	22,111	1,087
403	Depreciation Expense	148,670	350,210
408	Taxes Other Than Income	4,612	36,329
408.11	Property Taxes	24,521	33,056
409	Income Tax	(41,410)	(54,995)
	TOTAL OPERATING EXPENSES	\$ 1,010,771	\$ 949,114
	DEFERRED INCOME TAX	(41,410)	(139,988)
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/EXP	\$	\$
	NET INCOME/(LOSS)	\$ (157,729)	\$ (126,623)

COMPANY NAME	THE MORENCI WATER & ELECTRIC COMPANY
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SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	10/10/85			
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ 360,064	\$	\$	\$
Amount Outstanding	\$ 360,064	\$	\$	\$
Date of Maturity	12/31/08			
Interest Rate	11.2%			
Current Year Interest	\$ 43,973	\$	\$	\$
Current Year Principle	\$ 0	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ NONE
--	---------

Meter Deposits Refunded During the Test Year	\$ NONE
--	---------

COMPANY NAME	THE MORENCI WATER & ELECTRIC COMPANY
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WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number	Pump Horsepower	Pump Yield (Gpm)	Casing Size (inches)	Meter Size (inches)
55-624-247	60	500	20"	8"
55-624-246	60	500	20"	8"

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
PHELPS DODGE CORPORATION		384,639

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.) = _____

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
20	2	203	
5	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
750,000	1		
540,000	4		
101,000	1		
228,000	1		
10,000	2		
5,000	1		

STATISTICAL INFORMATION

Total number of customers	1621	
Total number of gallons sold	1,999,754	(RESIDENTIAL) gallons

COMPANY NAME THE MORENCI WATER & ELECTRIC COMPANYYEAR ENDING 12/31/2001**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>0</u>
Estimated or Actual Federal Tax Liability	<u>58,153</u>

State Taxable Income Reported	<u>0</u>
Estimated or Actual State Tax Liability	<u>12,444</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>NONE</u>
Amount of Gross-Up Tax Collected	<u>NONE</u>
Total Grossed-Up Contributions/Advances	<u>NONE</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

05/14/2002
DATE

D.L. TRUE
PRINTED NAME

Superintendent
TITLE

COMPANY NAME THE MORENCI WATER & ELECTRIC COMPANY YEAR ENDING 12/31/2001

**WATER AND SEWER
UTILITIES ONLY**

PROPERTY TAXES

Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2001)

\$ 29,074

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

TOTAL BOTH WATER & ELECTRIC \$36,288

WE-1049A

5/2/02 assessment db updated.cw

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)
Greenlee
NAME (OWNER OR OFFICIAL) TITLE
D.L. True, Superintendent
COMPANY NAME
The Morenci Water & Electric Company

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA COPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 712,306

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 29,803
IN SALES TAXES BILLED, OR COLLECTED)

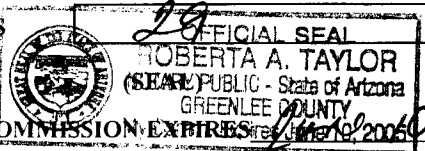
**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

D.L. True
SIGNATURE OF OWNER OR OFFICIAL
(928) 865-2229
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 29 DAY OF

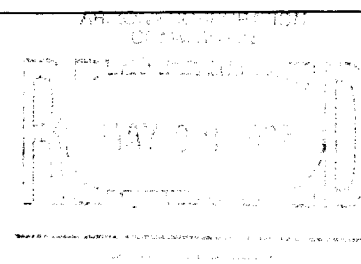


COUNTY NAME	
Greenlee	
MONTH	2002
April	

Robert A. Taylor
SIGNATURE OF NOTARY PUBLIC
Robert A. Taylor

MY COMMISSION EXPIRES 12/31/2005

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**



STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) Greenlee	
NAME (OWNER OR OFFICIAL) D.L. True	TITLE Superintendent
COMPANY NAME The Morenci Water & Electric Company	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 480,009

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 27,354
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

X *D.L. True*
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

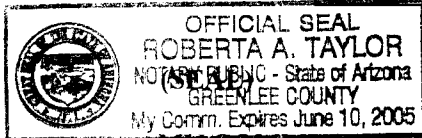
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

29

DAY OF

NOTARY PUBLIC NAME <u>ROBERTA A. TAYLOR</u>	
COUNTY NAME <u>Greenlee</u>	
MONTH <u>April</u>	20 <u>02</u>



MY COMMISSION EXPIRES 6-10-05

X *Roberta A. McElegan*
SIGNATURE OF NOTARY PUBLIC

13340

The attached check is in payment for items described above.

****COPY****COPY****COPY****COPY****COPY****

13689

The attached check is in payment for items described above.

\$19,680.44

PAGE 1 of 1

AMOUNT
**\$19,680.44

NOT VALID AFTER 180 DAYS

AUTHORIZED SIGNATURE

*****COPY*****COPY*****COPY*****COPY*****COPY*****

Thursday, November 01, 2001

Time: 08:20:34 AM

Operator - Diane

Greenlee County Treasurer

Treasurer - Patricia Hernandez

P.O. Box 1227

Clifton, AZ 85533

Thank you for payment of: \$53.33

The payment was applied to 2001 Tax Year

Owner Paid, Cash

Morenci Water & Electric Co Construction

Work In P

Tax Year: 2001

Tax Roll Number: 5468

Parcel ID : 968 - 50 - 310 - C

Previous Balance: \$106.66

Taxes: \$106.66

Total Fee(s)/Interest: \$.00

Previous Payments: \$.00

Current Payment Amount: -\$53.33

Remaining Balance: \$53.33
